

INTRODUCTION

Isabella County Probate Court provided oversight for the Isabella County Child Care Fund - Court Subaccount (CCF). Court supervised Family Foster Care and In-Home Day Treatment services are provided in Isabella County in court facilities. The court may also place a child in an out of county facility or institution due to special services required. FIA pays 50% of the cost of Family Foster Care, In-Home Day Treatment and Institutional Care as billed on the "Monthly Report on Foster Care under the Family Division of the Circuit Court" (FIA-207). FIA funds 100% of the Basic Grant. The Basic Grant funds in part the Director of Volunteer Probation Officer Program and Shelter Home Subsidy.

SCOPE

The Office of Internal Audit performed an audit of Isabella County Probate Court CCF for the period October 1, 2001 through September 30, 2002 to evaluate CCF accounting procedures, examine the system's documentation, and perform limited testing of the system for compliance and reliability. The audit was based on policies and procedures outlined in the "Handbook for the Child Care Fund," revised May 2002; the "Outline of the Annual Child Care Fund Plan and Budget Guidelines;" the "Uniform Accounting Procedures Manual for County Probate Court Child Care Fund" and the "Children's Foster Care Manual."

EXECUTIVE SUMMARY

Based on our audit, we concluded that Isabella County Probate Court does not have a formal contracting policy and the Court doesn't properly report intensive foster care rates. Our report recommends that Child and Family Services (CFS) determine if Isabella County Probate Court has implemented a contracting process to approve contracts that

the Court charges to FIA and to ensure that intensive foster care rates are properly reported on the FIA-207.

PROBATE COURT RESPONSE

The Isabella County Probate Court did not respond to our draft report.

FINDINGS AND RECOMMENDATIONS

Contracting Policy

1. Isabella County Probate Court did not have a written policy with respect to procedures to be followed when contracting for goods or services. Administrative Rule 400.2031(k) states: “The county shall document that the expenditure of child care fund monies reported for state reimbursement for goods or services from a third party complies with county policy with respect to contract and bidding requirements.” Isabella County Probate Court entered into two separate contracts with McBride Quality Care Services, Inc. to provide services in county owned facilities for Non-Secure Detention and Day-Treatment. The contracts state the total amount the contractor will receive throughout the year, based upon budgets for the year submitted for each contract. The contracts further state that the total amount of the contracts will be paid to the contractor over twelve equal installments. No documentation of actual expenditures incurred or units of services provided was required. As a result, Isabella County Probate Court had no documentation that the amount they paid the contractor was based on the costs the contractor incurred to provide the services.

WE RECOMMEND Child and Family Services ensure that Isabella County Probate Court establishes a contracting policy in accordance with Administrative Rule

400.2231(k) which must be followed when contracting with third parties for CCF goods or services.

Intensive Foster Care reporting

2. Isabella County Probate Court reported the amount of the intensive foster care rate that exceeded the standard FIA rate on the FIA-207 as a Non-Scheduled payment. According to the CCF Handbook page 15 instructions for the Foster Care line (3), the whole amount of the rate should reported on line 3. No part of an intensive rate is a Non-Scheduled payment according to the CCF Handbook instructions for line 4.

WE RECOMMEND Child and Family Services ensure that Isabella County Probate Court is properly reporting intensive foster care on future FIA-207's.